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Executive Registry

64-5456

30 JUL 1964

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MEMORANDUM FOR: Executive Director-Comptroller
THROUGH : Deputy Director for Support
SUBJECT : Manpower Economy - Payroll Simplification

1. This memorandum presents a proposal designed to effect manpower economies in the preparation of Agency vouchered funds payrolls and recommends action as stated in paragraph 6, below.

2. PROBLEM

In order to effect manpower savings, should the present payroll for certain executive-grade officials which is now prepared monthly on a manual basis be converted to a biweekly payroll prepared by automatic data processing, and should the use of sealed envelopes be discontinued for the delivery of paychecks to Agency employees in grades GS-16 and above.

3. BACKGROUND BEARING ON THE PROBLEM

- a. Beginning in April 1961 the payment of salaries of certain executive-grade Agency officials (currently eleven officials are involved) was converted from a biweekly to a monthly basis. This change was made when the vouchered payroll was converted to an automatic data processing system in order to obviate the need for special programming and to minimize the number of personnel knowledgeable of the pay status of the officials concerned.
- b. Paychecks for employees in grades GS-16 and above have been distributed in sealed envelopes for a number of years. This practice was established in part to provide "cover" for the pay status of officials in executive-grade positions. This benefit was lost in 1961 when the pay period for the Agency's executive-grade positions was changed from a biweekly to a monthly basis and other employees in grades GS-16 and above were continued on a biweekly payroll basis.
- c. For the purpose of this memorandum, salary payments to the Director of Central Intelligence and to the Deputy Director of Central Intelligence are not contemplated for change from the current monthly payment basis because these two positions were specifically established by statute and are exempt from Pay Act of 1945 which established the present method for computing biweekly pay. Also these two positions do not come under the leave provisions applicable to other employees.

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GROUP 1
Excluded from automatic
downgrading and
declassification

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4. DISCUSSION

a. Reconversion of Monthly Payroll for Executive-Grade Officials to a Biweekly Payroll Basis

- (1) The manually processed monthly payroll now in effect for the Agency's eleven executive-grade officials requires significant additional manpower over that which would be required if these officials were payrolled as a part of the regular biweekly payroll prepared by automatic data processing. Approximately 24 man-days are used each year on the manual processing of the payroll for executive-grade officials, and considerable additional time is required for merging the manually prepared data with essential control records maintained for overall payroll purposes. Inasmuch as the executive-grade officials involved in this manual payroll are subject to the same time and attendance reporting requirements and the same leave and related benefits as GS grade employees, the payroll for the executive-grade officials could be merged and processed routinely with that for GS grade employees. Such reconversion would eliminate the necessity for special computations now required, such as the amount of pay for fractional periods of a month upon assignment of an employee to the monthly roll.
- (2) Reconversion of the present monthly payroll for executive-grade officials to a biweekly payroll basis should present no legal problem as these employees were payrolled on the regular biweekly basis until 1961 when they were converted to the monthly roll.
- (3) While the payrolling of the executive-grade officials routinely with GS grade employees would identify the pay levels of such officials to a few individuals involved in automatic data processing who are not currently concerned with their payrolling, this knowledge would not disclose a situation unique to this Agency. For example, under the Federal Aviation Act of 1958 the Administrator of the Federal Aviation Agency is authorized to "fix the compensation of not more than ten positions at rates not to exceed \$19,500 per annum" (P. L. 85-726, Sec. 301f). FAA payrolls its Administrator and Deputy Administrator on a monthly basis, but all other officers and employees are payrolled on a biweekly basis.
- (4) Reconversion of executive-grade officials to a biweekly payroll might create for some of the affected officials the necessity for a personal financial adjustment because of the two week lag currently in effect in delivering paychecks to GS grade employees. The executive-grade officials receive their pay on the last work-day of each month for the then current month. If the conversion to biweekly payrolling for the eleven officials involved were scheduled to coincide generally with the date on which increased

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pay will be available to the individuals as a result of the revision of the Pay Act currently before the Congress, the impact of the conversion on the individuals would be considerably decreased. This personal financial adjustment is comparable to that required by all Agency employees who are transferred from the biweekly vouchered funds payroll to the confidential funds payroll for which they are paid on a four-weekly basis.

- (5) There would be a nominal long term benefit to each official concerned in this conversion in that he would receive one year's per annum pay for each 364 calendar days in a pay status whereas under the monthly payrolling basis he receives only the amount of his per annum salary each year. Thus, in effect, each official would be in a pay status an additional day each year (two days in leap year) which would result in a 27 pay period year approximately every eleven years. Although this would create additional salary costs to the Agency, it is consistent with the basis upon which all GS grade salaries are paid.

b. Elimination of Sealed Envelopes for Paychecks

- (1) Currently, there are approximately [] paychecks which must be identified and placed in envelopes addressed to employees in grades GS-16 and above each biweekly pay period. In addition, there are the eleven paychecks for the monthly roll which are placed in envelopes. The special handling of these checks requires an estimated 20 man-days work each year.
- (2) Although the use of sealed envelopes serves to conceal the amount of the paycheck, the grade and step status of each employee in grades GS-16 through GS-18 are reflected on Form 20, Time and Attendance Report, which is printed and distributed each biweekly pay period to the time and attendance clerks in the employees' components of assignment. Thus there is little substantive advantage to the use of sealed envelopes for delivering the paychecks. Further, the status of each executive-grade official under the present payrolling system may be presumed to be generally known to the time and attendance clerk in the component of assignment due to the absence of a routine Form 20, Time and Attendance Report, for such officials.

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5. CONCLUSIONS

- a. Agency officials payrolled at rates above GS-18 except the Director and the Deputy Director of Central Intelligence should be payrolled on a bi-weekly basis consistent with procedures observed for General Schedule grade employees.

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- b. The use of sealed envelopes for distributing paychecks to employees in grades GS-16 and above no longer serves either to conceal the identity of executive-grade officials or the position status of GS-16 to GS-18 employees.

6. RECOMMENDATIONS

It is recommended that:

- a. The present monthly payroll basis in effect for the executive-grade officials of the Agency be reconverted to a biweekly payroll basis.
- b. The reconversion recommended in subparagraph a, above, be made effective as of the beginning of the first month after the increased salaries provided by the revised Pay Act currently before the Congress have been in effect for a full month in order to lessen the financial impact on the officials concerned.
- c. The paychecks for employees in grades GS-16 and above, including the executive-grade officials, be delivered in a normal manner along with other paychecks instead of being placed in sealed envelopes as heretofore.


Acting Director of Finance

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Concur 

Deputy Director for Support

4 Aug 64
Date

Appr 

Exec

4 Aug. 1964
Date

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